

SCOTT COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2013

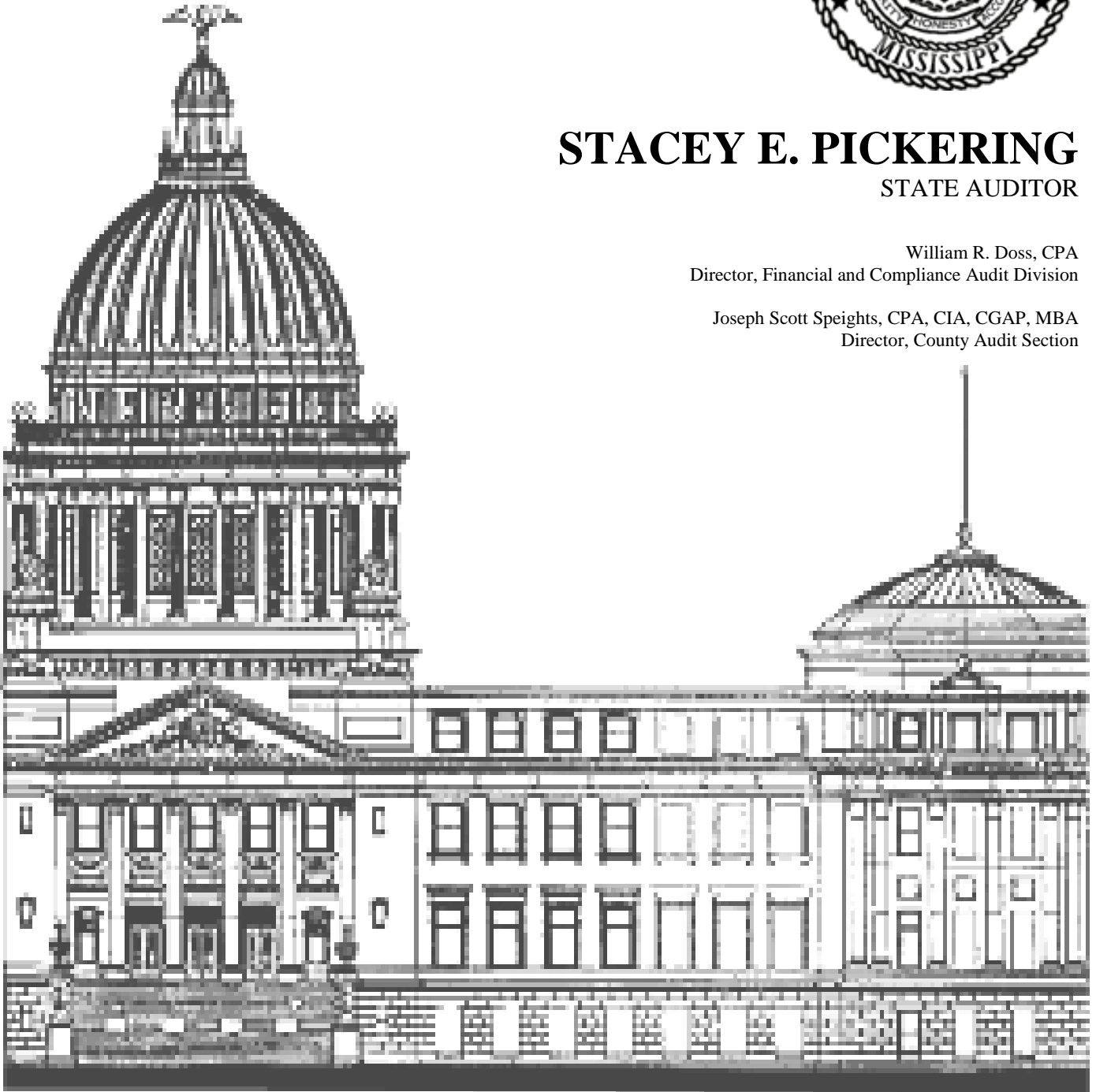


STACEY E. PICKERING

STATE AUDITOR

William R. Doss, CPA
Director, Financial and Compliance Audit Division

Joseph Scott Speights, CPA, CIA, CGAP, MBA
Director, County Audit Section



A Report from the County Audit Section

www.osa.state.ms.us



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

October 10, 2014

Members of the Board of Supervisors
Scott County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2013 financial and compliance audit report for Scott County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Scott County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Scott County. If I or this office can be of any further assistance, please contact me or J. Scott Speights of my staff at (601) 576-2674.

Respectfully submitted,

Stacey E. Pickering
State Auditor

SCOTT COUNTY

TABLE OF CONTENTS

FINANCIAL SECTION	1
INDEPENDENT AUDITOR’S REPORT	3
FINANCIAL STATEMENTS	7
Statement of Net Position	9
Statement of Activities	10
Balance Sheet – Governmental Funds	11
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	14
Statement of Fiduciary Assets and Liabilities	15
Notes to Financial Statements	17
REQUIRED SUPPLEMENTARY INFORMATION	31
Budgetary Comparison Schedule – (Budget and Actual (Non-GAAP Basis) - General Fund	32
Notes to the Required Supplementary Information	33
SUPPLEMENTAL INFORMATION	35
Schedule of Expenditures of Federal Awards.....	36
Reconciliation of Operating Costs of Solid Waste	38
OTHER INFORMATION	39
Schedule of Surety Bonds for County Officials	41
SPECIAL REPORTS.....	43
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	45
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133.....	47
Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required by Section 31-7-115, Miss. Code Ann. (1972))	49
Limited Internal Control and Compliance Review Management Report	55
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	61
AUDITEE’S CORRECTIVE ACTION PLAN	69

SCOTT COUNTY

FINANCIAL SECTION

SCOTT COUNTY

(This page left blank intentionally.)



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Scott County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Scott County, Mississippi, (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Scott County, Mississippi, as of September 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule and corresponding notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

Scott County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

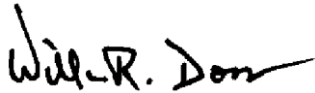
Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Scott County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Expenditures of Federal Awards and the Reconciliation of Operating Costs of Solid Waste have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Reconciliation of Operating Costs of Solid Waste are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Surety Bonds for County Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2014, on our consideration of Scott County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Scott County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Will R. Dooss". The signature is written in a cursive, slightly stylized font.

WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

October 10, 2014

SCOTT COUNTY

(This page left blank intentionally.)

SCOTT COUNTY

FINANCIAL STATEMENTS

SCOTT COUNTY

(This page left blank intentionally.)

SCOTT COUNTY
Statement of Net Position
September 30, 2013

Exhibit 1

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 9,774,287
Property tax receivable	8,437,900
Accounts receivable (net of allowance for uncollectibles of \$742,116)	302,937
Fines receivable (net of allowance for uncollectibles of \$1,334,369)	345,830
Intergovernmental receivables	293,103
Other receivables	86,268
Capital assets:	
Land and construction in progress	562,101
Other capital assets, net	<u>22,271,110</u>
Total Assets	<u>42,073,536</u>
LIABILITIES	
Claims payable	654,805
Intergovernmental pay ables	202,529
Accrued interest payable	186,807
Deferred revenue	8,437,900
Unearned revenue	141,779
Other payables	41,239
Long-term liabilities	
Due within one year:	
Capital debt	872,626
Due in more than one year:	
Capital debt	9,870,884
Non-capital debt	<u>191,728</u>
Total Liabilities	<u>20,600,297</u>
NET POSITION	
Net investment in capital assets	12,089,701
Restricted for:	
Expendable:	
General government	97,614
Public safety	1,211,578
Public works	3,605,097
Debt service	968,103
Unemployment compensation	120,891
Unrestricted	<u>3,380,255</u>
Total Net Position	<u>\$ 21,473,239</u>

The notes to the financial statements are an integral part of this statement.

SCOTT COUNTY
Statement of Activities
For the Year Ended September 30, 2013

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
General government	\$ 3,248,791	1,050,169	25,374		(2,173,248)
Public safety	4,350,637	752,602	235,858	152,543	(3,209,634)
Public works	4,485,719	739,536	1,573,164		(2,173,019)
Health and welfare	349,097		36,828		(312,269)
Culture and recreation	229,719		4,000		(225,719)
Education	242,005		242,005		
Conservation of natural resources	187,893		38,313		(149,580)
Economic development and assistance	87,938				(87,938)
Interest on long-term debt	483,094				(483,094)
Total Governmental Activities	<u>13,664,893</u>	<u>2,542,307</u>	<u>2,155,542</u>	<u>152,543</u>	<u>(8,814,501)</u>
General revenues:					
Property taxes				\$	8,566,052
Road & bridge privilege taxes					343,958
Grants and contributions not restricted to specific programs					657,562
Unrestricted gifts and donations					40,000
Unrestricted interest income					112,518
Miscellaneous					151,671
Total General Revenues					<u>9,871,761</u>
Change in Net Position					<u>1,057,260</u>
Net Position - Beginning, as previously reported					20,437,876
Prior period adjustments					<u>(21,897)</u>
Net Position - Beginning, as restated					<u>20,415,979</u>
Net Position - Ending				\$	<u>21,473,239</u>

The notes to the financial statements are an integral part of this statement.

SCOTT COUNTY
Balance Sheet - Governmental Funds
September 30, 2013

Exhibit 3

	<u>Major Funds</u>			
	<u>General Fund</u>	<u>2007 Series Jail Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 3,376,048	978,846	5,419,393	9,774,287
Property tax receivable	5,863,000	946,000	1,628,900	8,437,900
Accounts receivable (net of allowance for uncollectibles of \$742,116)			302,937	302,937
Fines receivable (net of allowance for uncollectibles of \$1,334,369)	345,830			345,830
Intergovernmental receivables	282,498		10,605	293,103
Other receivables	42,659		43,609	86,268
Due from other funds	6,300	47,113	57,055	110,468
Total Assets	<u>\$ 9,916,335</u>	<u>1,971,959</u>	<u>7,462,499</u>	<u>19,350,793</u>
LIABILITIES				
Liabilities:				
Claims payable	\$ 162,747		492,058	654,805
Intergovernmental payables	195,675			195,675
Due to other funds	81,691		35,631	117,322
Deferred revenue	6,208,830	946,000	1,931,837	9,086,667
Unearned revenue			141,779	141,779
Other payables	41,239			41,239
Total Liabilities	<u>\$ 6,690,182</u>	<u>946,000</u>	<u>2,601,305</u>	<u>10,237,487</u>
Fund balances:				
Restricted for:				
General government			97,614	97,614
Public safety			1,211,578	1,211,578
Public works			3,302,160	3,302,160
Debt service		1,025,959	128,951	1,154,910
Unemployment compensation			120,891	120,891
Unassigned	3,226,153			3,226,153
Total Fund Balances	<u>\$ 3,226,153</u>	<u>1,025,959</u>	<u>4,861,194</u>	<u>9,113,306</u>
Total Liabilities and Fund Balances	<u>\$ 9,916,335</u>	<u>1,971,959</u>	<u>7,462,499</u>	<u>19,350,793</u>

The notes to the financial statements are an integral part of this statement.

SCOTT COUNTY

Exhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2013

	<u>Amount</u>
Total Fund Balances - Governmental Funds	\$ 9,113,306
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$11,308,477.	22,833,211
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	648,767
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(10,935,238)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	<u>(186,807)</u>
Total Net Position - Governmental Activities	\$ <u><u>21,473,239</u></u>

The notes to the financial statements are an integral part of this statement.

SCOTT COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2013

	Major Funds		Other	Total
	General	2007 Series Jail Bond	Governmental	Governmental
	Fund	Fund	Funds	Funds
REVENUES				
Property taxes	\$ 5,927,474	1,005,064	1,633,514	8,566,052
Road and bridge privilege taxes			343,958	343,958
Licenses, commissions and other revenue	298,698		297,566	596,264
Fines and forfeitures	302,512		6,993	309,505
Intergovernmental revenues	623,318	6,368	2,335,961	2,965,647
Charges for services	505,364		982,971	1,488,335
Interest income	90,695	2,420	19,403	112,518
Miscellaneous revenues	114,664		60,143	174,807
Total Revenues	<u>7,862,725</u>	<u>1,013,852</u>	<u>5,680,509</u>	<u>14,557,086</u>
EXPENDITURES				
Current:				
General government	3,044,004		120,121	3,164,125
Public safety	3,488,968		555,097	4,044,065
Public works			4,312,402	4,312,402
Health and welfare	269,053		21,247	290,300
Culture and recreation	229,719			229,719
Education			242,005	242,005
Conservation of natural resources	149,580		38,313	187,893
Economic development and assistance	87,938			87,938
Debt service:				
Principal	50,863	455,000	533,063	1,038,926
Interest	1,497	459,126	30,696	491,319
Total Expenditures	<u>7,321,622</u>	<u>914,126</u>	<u>5,852,944</u>	<u>14,088,692</u>
Excess of Revenues over (under) Expenditures	<u>541,103</u>	<u>99,726</u>	<u>(172,435)</u>	<u>468,394</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued			360,546	360,546
Proceeds from sale of capital assets	1,142		43,940	45,082
Compensation for loss of capital assets	1,518			1,518
Transfers in			18,375	18,375
Transfers out	(18,375)			(18,375)
Total Other Financing Sources and Uses	<u>(15,715)</u>	<u>0</u>	<u>422,861</u>	<u>407,146</u>
Net Changes in Fund Balances	<u>525,388</u>	<u>99,726</u>	<u>250,426</u>	<u>875,540</u>
Fund Balances - Beginning	<u>2,700,765</u>	<u>926,233</u>	<u>4,610,768</u>	<u>8,237,766</u>
Fund Balances - Ending	<u>\$ 3,226,153</u>	<u>1,025,959</u>	<u>4,861,194</u>	<u>9,113,306</u>

The notes to the financial statements are an integral part of this statement.

SCOTT COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2013

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 875,540
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of \$1,070,102 exceeded capital outlays of \$464,322 in the current period.	(605,780)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$15,346 and the proceeds from the sale of \$45,082 in the current period.	(29,736)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	107,877
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	40,326
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$1,038,926 exceeded debt proceeds of \$360,546.	678,380
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of increase in compensated absences	(17,572)
The amount of decrease in accrued interest payable	<u>8,225</u>
Change in Net Position of Governmental Activities	\$ <u><u>1,057,260</u></u>

The notes to the financial statements are an integral part of this statement.

SCOTT COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2013

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 260,070
Due from other funds	<u>6,854</u>
Total Assets	<u>\$ 266,924</u>
LIABILITIES	
Intergovernmental payables	\$ 266,924
Total Liabilities	<u>\$ 266,924</u>

The notes to the financial statements are an integral part of this statement.

SCOTT COUNTY

(This page left blank intentionally.)

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Scott County is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Scott County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County. There are no outside organizations that should be included as component units of the County's reporting entity.

State law pertaining to County government provides for the independent election of County officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

B. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

The Statement of Net Position presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

C. Measurement Focus and Basis of Accounting.

The Government-wide and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

2007 Series Jail Bond Fund - This fund is used to account for resources accumulated and used for the payment of long-term debt principal, interest and related costs of borrowing used for the County jail and other capital projects.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

E. Deposits and Investments.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any County, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the County did not invest in any governmental securities during the fiscal year.

F. Receivables.

Receivables are reported net of allowances for uncollectible accounts, where applicable.

G. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds". Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

H. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Scott County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

I. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

J. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as restricted or unassigned. The following are descriptions of fund classifications used by the County:

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

K. Property Tax Revenues.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

L. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

M. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

(2) Prior Period Adjustment.

A summary of significant fund equity adjustments is as follows:

Exhibit 2 - Statement of Activities.

Explanation	Amount
To correct prior year errors in capital assets	\$ <u>(21,897)</u>

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2013, was \$10,034,357, and the bank balance was \$10,079,614. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2013:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General	Other Governmental Funds	\$ 6,300
2007 Series Jail Bond Fund	General	17,782
2007 Series Jail Bond Fund	Other Governmental Funds	29,331
Other Governmental Funds	General	57,055
Agency Funds	General	<u>6,854</u>
Total		\$ <u>117,322</u>

The amount payable to the General Fund represents loans to cover deficit cash balances at year-end. The amount payable to 2007 Series Jail Bond Fund from Other Governmental Funds represents an error in posting revenue. The balance of the receivables represents the tax revenue collected but not settled until October, 2013. All interfund balances are expected to be repaid within one year from the date of the financial statements.

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ <u>18,375</u>

The purpose of the interfund transfer was to transfer grant proceeds that were erroneously credited to the wrong fund in the prior year.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2013, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Reimbursements for housing prisoners	\$ 136,368
Legislative tax credit	109,261
Other	<u>47,474</u>
Total Governmental Activities	\$ <u>293,103</u>

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2013:

Governmental activities:

	<u>Balance</u> <u>Oct. 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments*</u>	<u>Balance</u> <u>Sept. 30, 2013</u>
<u>Non-depreciable capital assets:</u>					
Land	\$ 562,101				562,101
Construction in progress	<u>2,511,204</u>			<u>(2,511,204)</u>	
Total non-depreciable capital assets	<u>3,073,305</u>	<u>0</u>	<u>0</u>	<u>(2,511,204)</u>	<u>562,101</u>
<u>Depreciable capital assets:</u>					
Infrastructure	5,039,921	188,868		2,511,204	7,739,993
Buildings	15,794,285				15,794,285
Mobile equipment	7,644,748	60,718	185,614	204,943	7,724,795
Furniture and equipment	493,812	81,642	60,182		515,272
Leased property under capital leases	<u>1,857,383</u>	<u>133,094</u>		<u>(185,236)</u>	<u>1,805,241</u>
Total depreciable capital assets	<u>30,830,149</u>	<u>464,322</u>	<u>245,796</u>	<u>2,530,911</u>	<u>33,579,586</u>

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

	Balance Oct. 1, 2012	Additions	Deletions	Adjustments*	Balance Sept. 30, 2013
<u>Less accumulated depreciation for:</u>					
Infrastructure	878,518	197,076			1,075,594
Buildings	2,607,411	315,897			2,923,308
Mobile equipment	5,954,781	340,576	156,479	96,620	6,235,498
Furniture and equipment	448,702	42,333	59,581		431,454
Leased property under capital leases	523,419	174,220		(55,016)	642,623
Total accumulated depreciation	10,412,831	1,070,102	216,060	41,604	11,308,477
Total depreciable capital assets, net	20,417,318	(605,780)	29,736	2,489,307	22,271,109
Governmental activities capital assets, net	\$ 23,490,623	(605,780)	29,736	(21,897)	22,833,210

* Adjustments reflect corrections of errors in the capital asset records and certain routine reclassifications of paid-off capital leases and completed construction in progress.

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 110,431
Public safety	352,491
Public works	548,225
Health and welfare	58,955
Total governmental activities depreciation expense	\$ 1,070,102

(7) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2013, to January 1, 2014. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

(8) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2013:

Classes of Property		Governmental Activities
Mobile equipment	\$	1,756,334
Furniture and equipment		48,907
Total		1,805,241
Less: Accumulated depreciation		642,623
Leased Property Under Capital Leases	\$	<u>1,162,618</u>

The following is a schedule by years of the total payments due as of September 30, 2013:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2014	\$ 360,009	16,795
2015	202,695	10,264
2016	141,930	6,249
2017	119,773	2,997
2018	<u>79,718</u>	<u>205</u>
Total	\$ <u>904,125</u>	<u>36,510</u>

(9) Long-term Debt.

Debt outstanding as of September 30, 2013, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Series 2010 Building Bonds	\$ <u>99,500</u>	3.50%	11/2015
B. Limited Obligation Bonds:			
Jail Bond – Series 2007	\$ <u>9,730,000</u>	4.00 – 5.00%	11/2027
C. Capital Leases:			
2008 Cat motor grader	\$ 118,571	3.29%	11/2013
2011 Western Star garbage truck	51,166	2.91%	12/2014
2010 Case backhoe	17,206	2.99%	05/2015
2011 Freightliner garbage truck	66,792	2.87%	06/2015
AS400 computer	21,813	3.35%	10/2015
2002 Durapatcher	23,271	2.24%	04/2016

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
2006 Ford dump truck	24,654	2.10%	05/2016
2002 Durapatcher	19,711	2.29%	04/2017
2012 John Deere 6430 tractor/mower	33,786	1.97%	04/2017
2012 Ambulance	40,582	2.04%	07/2017
2012 Hydraulic excavator	59,188	1.93%	07/2017
2007 Cat 140H motor grader – refinanced	92,555	2.54%	08/2017
2012 Cat 430F backhoe	87,449	2.00%	10/2017
2008 Cat 12M motor grader	104,672	2.54%	12/2017
2008 motor grader	90,474	2.54%	12/2017
2011 New Holland tractor	52,235	1.88%	05/2018
Total Capital Leases	\$ 904,125		
D. Other Loans:			
Rail services loan	\$ 9,885	3.50%	07/2015

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 32,000	2,923	475,000	435,282
2015	33,000	1,785	490,000	415,982
2016	34,500	604	510,000	395,982
2017			530,000	372,532
2018			560,000	345,282
2019 – 2023			3,180,000	1,319,181
2024 – 2028			3,985,000	514,406
Total	\$ 99,500	5,312	9,730,000	3,798,647
Year Ending September 30	Other Loans			
	Principal	Interest		
2014	\$ 5,617	259		
2015	4,268	64		
Total	\$ 9,885	323		

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2013, the amount of outstanding debt was equal to less than 1% of the latest property assessments.

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2013:

	Balance Oct. 1, 2012	Additions	Reductions	Balance Sept. 30, 2013	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 174,156	17,572		191,728	
General obligation bonds	130,500		31,000	99,500	32,000
Limited obligation bonds	10,185,000		455,000	9,730,000	475,000
Capital leases	1,033,279	360,546	489,700	904,125	360,009
Other loans	73,111		63,226	9,885	5,617
Total	\$ 11,596,046	378,118	1,038,926	10,935,238	872,626

Compensated absences will be paid from the funds from which the employees' salaries were paid which are generally the General Fund, Road Maintenance Funds, Emergency 911 Fund, and the Garbage and Solid Waste Fund.

(10) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

(11) Joint Venture.

The County participates in the following joint venture:

Scott County is a participant with Rankin, Smith and Simpson Counties in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the Central Mississippi Regional Library System. The joint venture was created to provide library services to the public and is governed by a five-member board, which two members are appointed by Rankin County and one member each from the other three counties. By contractual agreement, the County's appropriation to the joint venture was \$191,000 in the fiscal year 2013. Complete financial statements for the Central Mississippi Regional Library System can be obtained from the following address: 3470 Highway 80 East, Pearl, MS 39208.

(12) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

East Central Community College operates in a district composed of the counties of Leake, Neshoba, Newton, Scott and Winston. The Scott County Board of Supervisors appoints six of the 30 members of the college board of trustees. The County levy collected in 2013 the following amounts: \$362,680 for maintenance and support, \$63,219 for buildings and renovations and \$58,229 for construction of a girl's dormitory.

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Central Mississippi Emergency Medical Services District operates in a district composed of the Counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren and Yazoo. The Scott County Board of Supervisors appoints two of the 26 board members. The County provides only modest financial support for the district.

East Central Planning and Development District operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Newton, Neshoba, Scott and Smith. The Scott County Board of Supervisors appoints one of the 15 members of the board of directors. The County provided \$16,284 in support for the district in fiscal year 2013.

Region Ten Mental Health- Mental Retardation Commission operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Scott County Board of Supervisors appoints one of the nine members of the board of commissioners. The County appropriated \$31,000 for support of the commission in the fiscal year 2013.

Mid-Mississippi Development District operates in a district composed of the counties of Clarke, Jasper, Lauderdale, Newton, Scott and Smith. The district was organized to foster, encourage and facilitate economic development in the member counties. The district's board of trustees is composed of 30 members, five each from the six-member counties. The County appropriated \$40,800 for support to the district in fiscal year 2013.

(13) Defined Benefit Pension Plan.

Plan Description. Scott County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2013, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2013 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2013, 2012 and 2011 were \$604,017, \$520,792 and \$474,101, respectively, equal to the required contributions for each year.

(14) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Scott County evaluated the activity of the County through October 10, 2014, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

SCOTT COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Subsequent to September 30, 2013, the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>		<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/21/2013	1.75%	\$	160,614	Capital lease	Ad valorem taxes
01/21/2014	2.08%		257,089	Capital lease	Ad valorem taxes
02/05/2014	1.95%		20,715	Capital lease	Ad valorem taxes

SCOTT COUNTY

(This page left blank intentionally.)

SCOTT COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCOTT COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2013
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 5,824,600	5,918,115	5,918,115	
Licenses, commissions and other receipts	315,150	377,487	377,487	
Fines and forfeitures	264,000	309,418	309,418	
Intergovernmental receipts	608,000	731,066	731,066	
Charges for services	225,000	399,604	399,604	
Interest income	15,950	89,553	89,553	
Miscellaneous receipts	115,000	152,611	152,611	
Total Receipts	<u>7,367,700</u>	<u>7,977,854</u>	<u>7,977,854</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	3,477,355	3,170,691	3,170,691	
Public safety	3,493,476	3,552,554	3,552,554	
Health and welfare	274,615	268,596	268,596	
Culture and recreation	229,300	229,719	229,719	
Conservation of natural resources	155,542	148,538	148,538	
Economic development and assistance	88,934	82,018	82,018	
Debt service:				
Principal	45,400	41,506	41,506	
Total Disbursements	<u>7,764,622</u>	<u>7,493,622</u>	<u>7,493,622</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(396,922)</u>	<u>484,232</u>	<u>484,232</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Proceeds from sale of capital assets		1,142	1,142	
Compensation for loss of capital assets		1,518	1,518	
Transfers out			(24,675)	(24,675)
Total Other Financing Sources and Uses	<u>0</u>	<u>2,660</u>	<u>(22,015)</u>	<u>(24,675)</u>
Net Change in Fund Balance	<u>(396,922)</u>	<u>486,892</u>	<u>462,217</u>	<u>(24,675)</u>
Fund Balances - Beginning	<u>1,355,000</u>	<u>2,584,552</u>	<u>2,584,552</u>	
Fund Balances - Ending	<u>\$ 958,078</u>	<u>3,071,444</u>	<u>3,046,769</u>	<u>(24,675)</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

SCOTT COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2013 UNAUDITED

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund:

		<u>Governmental Fund Types</u>
		<u>General</u>
		<u>Fund</u>
Budget (Cash Basis)	\$	462,217
Increase (Decrease)		
Net adjustments for revenue accruals		(115,129)
Net adjustments for expenditure accruals		<u>178,300</u>
GAAP Basis	\$	<u><u>525,388</u></u>

SCOTT COUNTY

(This page left blank intentionally.)

SCOTT COUNTY

SUPPLEMENTAL INFORMATION

Scott County
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture/ Passed through the Mississippi Office of the State Treasurer Federal Forestry Service Schools and roads - grants to states*	10.665	N/A	\$ <u>573,354</u>
U.S. Department of Housing and Urban Development- Office of Community Planning and Development/ Passed through the Mississippi Development Authority Community development block grants/state's program*	14.228	1128-11-062-PF-01	<u>563,670</u>
U.S. Department of Justice/ Bureau of Justice Assistance Edward Byrne memorial justice assistance grant program(direct grant)	16.738	N/A	<u>11,250</u>
Passed through the Mississippi Department of Public Safety Edward Byrne memorial justice assistance grant program	16.738	11LB1621	<u>2,813</u>
Total U. S. Department of Justice			<u>14,063</u>
U.S. Department of Transportation-Federal Highway Administration/ Passed through the Mississippi Department of Transportation Highway planning and construction	20.205	BR NBIS 078 B(62)	<u>28,480</u>
National Highway Traffic Safety Administration/ Passed through the the Mississippi Department of Public Safety State and community highway safety	20.600	13-OP-162-1	<u>7,061</u>
Alcohol open container requirements	20.607	13-TA-162-1	<u>10,568</u>
Pipeline and Hazardous Materials Safety Administration/ Passed through the Mississippi Emergency Management Agency Interagency hazardous materials public sector training and planning grants	20.703	N/A	<u>6,000</u>
Total U. S. Department of Transportation			<u>52,109</u>

Scott County
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security/ Passed-through the Mississippi Emergency Management Agency			
Disaster grants - public assistance	97.036	123-99123-00	2,518
Hazard mitigation grant	97.039	1604-0148	152,543
Emergency management performance grants	97.042	12EMPL00	12,867
Emergency management performance grants	97.042	13EMPL00	28,953
Subtotal			41,820
Passed-through the Mississippi Department of Public Safety			
Homeland security grant program	97.067	10HS062	32,447
Total U.S. Department of Homeland Security			229,328
Total Expenditures of Federal Awards			\$ 1,432,524

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

Note B - Schools and roads-grants to states

Of the federal expenditures presented in the schedule, the county provided federal awards totaling \$38,313 to subrecipients during the year ended September 30, 2013.

Note C - Community development block grants/state's program

Of the federal expenditures presented in the schedule, the county provided federal awards totaling \$560,000 to subrecipients during the year ended September 30, 2013.

* Denotes major federal award program

SCOTT COUNTY
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2013

Operating Expenditures, Cash Basis:

Personal services	\$	220,756
Contractual services		135,457
Consumable material and supplies		167,713
Capital outlay		<u>606</u>

Solid Waste Cash Basis Operating Expenditures		<u>524,532</u>
---	--	----------------

Full Cost Expenses:

Indirect administrative costs		33,465
Depreciation on equipment		38,831
Interest on debt		4,606
Net effect of other accrued expenses		<u>(5,911)</u>

Solid Waste Full Cost Operating Expenses	\$	<u><u>595,523</u></u>
--	----	-----------------------

SCOTT COUNTY

OTHER INFORMATION

SCOTT COUNTY

(This page left blank intentionally.)

SCOTT COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2013
UNAUDITED

Name	Position	Company	Bond
Jackie Bradford	Supervisor District 1	Brierfield	\$100,000
Tim Sorey	Supervisor District 2	Brierfield	\$100,000
Steven Crotwell	Supervisor District 3	Western Surety	\$100,000
Johnny P. Harrell	Supervisor District 4	Western Surety	\$100,000
Bruce McMillan	Supervisor District 5	Brierfield	\$100,000
Lee Anne Livingston Palmer	Chancery Clerk	Western Surety	\$100,000
Kim Fultz	Receiving Clerk	Western Surety	\$75,000
Tony Macon	Assistant Receiving Clerk	Brierfield	\$50,000
Terry Price	Assistant Receiving Clerk	Brierfield	\$50,000
Eddie Childs	Assistant Receiving Clerk	Brierfield	\$50,000
Ike Gray	Assistant Receiving Clerk	Brierfield	\$50,000
Carolyn Ford	Assistant Receiving Clerk	Brierfield	\$50,000
Eldridge Peterson	Assistant Receiving Clerk	Brierfield	\$50,000
Shirley Evans	Purchase Clerk	Brierfield	\$75,000
Tommy Earls	Inventory Control Clerk	Brierfield	\$75,000
Joe Rigby	Circuit Clerk	Western Surety	\$100,000
Bill Harmon Wilbourne	Constable	Western Surety	\$50,000
Richard Prestage	Constable	Western Surety	\$50,000
Mike Lee	Sheriff	Brierfield	\$100,000
Willie J. Anderson	Sheriff's Deputy	Brierfield	\$50,000
Steven Brad Ellis	Sheriff's Deputy	RLI	\$50,000
Richard Gregory	Sheriff's Deputy	RLI	\$50,000
Leonard Harrison	Sheriff's Deputy	Brierfield	\$50,000
Marcus G. Lingle	Sheriff's Deputy	Western Surety	\$50,000
Michael Manning	Sheriff's Deputy	Western Surety	\$50,000
Joe H. McDougale	Sheriff's Deputy	Western Surety	\$50,000
Julian Parker	Sheriff's Deputy	RLI	\$50,000
Billy Preston Patrick	Sheriff's Deputy	Western Surety	\$50,000
Derrick Qualls	Sheriff's Deputy	RLI	\$50,000
Donald Simpson	Sheriff's Deputy	Western Surety	\$50,000
Roger Stokely	Sheriff's Deputy	Western Surety	\$50,000
Norlyne Taylor	Sheriff's Deputy	RLI	\$50,000
Kennedy Warnsley	Sheriff's Deputy	Western Surety	\$50,000
Wilbur McCurdy	Justice Court Judge	Western Surety	\$50,000
Bill Freeman	Justice Court Judge	Western Surety	\$50,000
Betty Odom	Justice Court Clerk	Travelers	\$50,000
Edwina Jones	Deputy Justice Court Clerk	Brierfield	\$50,000
Heather Street	Deputy Justice Court Clerk	Brierfield	\$50,000
Myra Murrell Davis	Tax Collector	Brierfield	\$100,000
Mary Elizabeth Watson	Deputy Tax Assessor	Travelers	\$10,000
Betty Qualls	Deputy Tax Collector	Brierfield	\$50,000
Leigh McCaughn	Deputy Tax Collector	Brierfield	\$50,000
Glenda Nickson	Deputy Tax Collector	Brierfield	\$50,000

SCOTT COUNTY

(This page left blank intentionally.)

SCOTT COUNTY

SPECIAL REPORTS

SCOTT COUNTY

(This page left blank intentionally.)



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE
FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Supervisors
Scott County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Scott County, Mississippi, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Scott County, Mississippi's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Scott County Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2013-001, 2013-004, 2013-006, and 2013-007 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2013-002, 2013-003, and 2013-005 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Scott County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

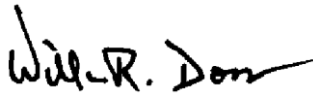
However, we noted certain matters which we have reported to the management of Scott County, Mississippi, in the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated October 10, 2014, included within this document.

Scott County's Responses to Findings

Scott County's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. Scott County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

October 10, 2014



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Members of the Board of Supervisors
Scott County, Mississippi

Report on Compliance for Each Major Federal Program

We have audited Scott County, Mississippi's (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013. Scott County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Scott County, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Scott County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Scott County, Mississippi's compliance.

Basis for Adverse Opinion on Schools and Roads – Grants to States - CFDA #10.665

As described in the accompanying Schedule of Findings and Questioned Costs, Scott County, Mississippi did not comply with the compliance requirement regarding reporting that is applicable to its Schools and Roads – Grants to States federal program as described in item 2013-008, subrecipient monitoring as described in item 2013-009, and special tests and provisions as described in item 2013-010. Compliance with such requirements is necessary, in our opinion, for Scott County, Mississippi to comply with the requirements applicable to that program.

Adverse Opinion on Schools and Roads – Grants to States, CFDA #10.665

In our opinion, because of the significance of the effects of the noncompliance described in the Basis for Adverse Opinion paragraph, Scott County, Mississippi, did not comply in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Schools and Roads – Grants to States for the year ended September 30, 2013.

Unmodified Opinion on the Other Major Federal Program

In our opinion, Scott County, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of Scott County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Scott County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-008, 2013-009 and 2013-010 to be material weaknesses.

Scott County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. Scott County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

October 10, 2014



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors
Scott County, Mississippi

We have examined Scott County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2013. The Board of Supervisors of Scott County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Scott County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

The results of our audit procedures disclosed a certain instance of noncompliance with the aforementioned code sections. This instance of noncompliance was considered in forming our opinion on compliance. Our finding and recommendation and your response is disclosed below:

Inventory Control Clerk.

The Inventory Control Clerk should file required reports timely

Finding

Section 31-7-107, Miss. Code Ann. (1972), states that the inventory control clerk shall perform physical inventories of assets of the County on or before October 1 of each year and shall file with the Board of Supervisors, in triplicate, a written report of such inventory. The clerk is also required to forward a copy of the inventory report to the Office of the State Auditor not later than October 15. The inventory report was not filed with the Board of Supervisors and a copy of the inventory report was not received by the Office of the State Auditor until December 13, 2013.

Failure to file the inventory report increases the possibility of theft or misappropriation of County assets and is in violation of state statute.

Recommendation

The Inventory Control Clerk should implement procedures to ensure that the annual inventory report is filed timely with the Board of Supervisors and the Office of the State Auditor.

Inventory Control Clerk's Response

We will file reports with the Board and Office of the State Auditor in a timely manner.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Scott County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2013.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

Scott County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

This report is intended for use in evaluating the central purchasing system and inventory control system of Scott County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Will R. Dooss".

WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

October 10, 2014

SCOTT COUNTY

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder

For the Year Ended September 30, 2013

Our test results did not identify any purchases from other than the lowest bidder.

SCOTT COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2013

Schedule 2

Our test results did not identify any emergency purchases.

SCOTT COUNTY

Schedule 3Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2013

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
5/08/2013	Gun 6000 basketball training equipment	\$	4,550	Shoot-A-Way, Inc.

SCOTT COUNTY

(This page left blank intentionally.)



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Scott County, Mississippi

In planning and performing our audit of the financial statements of Scott County, Mississippi for the year ended September 30, 2013, we considered Scott County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Scott County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated October 10, 2014, on the financial statements of Scott County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain areas and immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Chancery Clerk.

1. The Chancery Clerk should make daily bank deposits and use pre-numbered receipts.

Finding

An effective system of internal control over cash includes the use of pre-numbered receipts and daily bank deposits. During the performance of audit procedures, we noted that pre-numbered receipts are not used in the Chancery Clerk's office and that deposits are made on a weekly basis. The failure to implement proper internal controls could result in the loss or misappropriation of public funds.

Recommendation

The Chancery Clerk should ensure that pre-numbered receipts are used, that all numbers are accounted for and that bank deposits are made on a daily basis.

Chancery Clerk's Response

When the auditor recommended daily deposits, the clerk's office put that practice into effect immediately. Also, new receipt books have been ordered and will be used in the future. Daily deposits were being made on the land redemption account.

2. The Chancery Clerk did not report all 2013 income, incorrectly reported certain income, and claimed unallowable expenses.

Finding

All fees received by the Chancery Clerk in the calendar year should be reported in the fee journal and on the Annual Financial Report for that year. Section 9-1-43 (1), Miss. Code Ann. (1972), states that after making deductions for employer contributions paid by the chancery clerk to the Public Employees' Retirement System under Section 25-11-106.1 and 25-11-123(f)(4), Miss. Code Ann., (1972), employee salaries and related salary expenses, and expenses allowed as deductions by Schedule C of the Internal Revenue Code, no office of the chancery clerk of any County in the state shall receive fees as compensation for the chancery clerk's services in excess of Ninety Thousand Dollars (\$ 90,000.00). The Chancery Clerk is also responsible for adequate documentation to support all expenses. During the testing of the Chancery Clerk's fee journal and annual financial report, the following items were noted:

1. Fees received by the Clerk in December, 2013, were recorded in the Clerk's January, 2014, fee journal and were not reported on the Clerk's 2013 annual financial report - \$11,614.85 total; \$11,210.85 subject to the salary limitation.
2. Warrants issued by the County as payment for recording fees were cashed by the Clerk and not recorded in the fee journal - \$40.00, subject to the salary limitation.
3. Youth court fees were incorrectly reported as fees not subject to the fee cap rather than fees subject to the fee cap on the annual financial report - \$5,070.00, subject to the salary limitation.
4. Unallowable expense deductions of \$6,843

The Chancery Clerk underreported 2013 fee income subject to the salary limitation by \$16,320.85 and claimed \$6,843.14 in unallowable expenses in the 2013 fee journal and on the 2013 annual financial report. Consequently, the Chancery Clerk owes the County an additional \$23,163.99 for net income in excess of the salary limitation. The failure to correctly report fees and expenses on the annual financial report increases the possibility of the loss or misuse of public funds.

Recommendation

The Chancery Clerk should immediately repay the amount owed to the County and ensure that all fees received during the calendar year are recorded in the fee journal and properly reported on the annual financial report for that year. The Clerk should also ensure that all expenses claimed on the annual financial report are allowable Schedule C expenses and are adequately documented.

Chancery Clerk's Response

All fees due to the County were paid by April 15, 2014.

Auditor's Note:

The Chancery Clerk settled her excess cap amount of \$23,163.99 to the General Fund of Scott County on April 15, 2014, evidenced by receipt warrant number 6669.

3. Court costs for lunacy cases paid to the Chancery Clerk should be paid through the claims docket.

Finding

Section 41-21-79, Miss. Code Ann. (1972), states that the costs incidental to the court proceedings including, but not limited to, court costs, prehearing hospitalization costs, cost of transportation, reasonable physician's, psychologist's, nurse practitioner's or physician assistant's fees set by the court, and reasonable attorney's fees set by the court, shall be paid out of the funds of the County of residence of the respondent in those instances where the patient is indigent unless funds for those purposes are made available by the state. However, the court costs paid by the County to the Chancery Clerk should be included as a vendor payment on the County's claims docket rather than through payroll. During the testing of the Chancery Clerk's fee journal and annual financial report, it was noted that lunacy court costs in the amount of \$5,980.00 were paid through payroll to the Chancery Clerk. This resulted in the County paying matching employer's contributions in the amount of \$457.47 for FICA and Medicare taxes, and \$941.85 for PERS. The payment of these filing fees by the County through payroll resulted in the County paying matching employer's contributions in the amount of \$1,399.32 that should have been paid by the Clerk.

Recommendation

The Chancery Clerk should reimburse the County \$1,399.32 for employer matching contributions paid by the County on these fees in 2013.

Chancery Clerk's Response

The Clerk's office has reimbursed the County on above mentioned fees. The Clerk's office will no longer be paid for lunacy costs by one check from the County. In the future, the Clerk's office will be paid by two separate checks.

Auditor's Note

The Chancery Clerk reimbursed the County \$1,399.32 for employer matching contributions on April 3, 2014, as evidenced by receive warrant number 6667.

Circuit Clerk.

4. Circuit Clerk should make daily bank deposits.

Finding

An effective system of internal control over cash should include daily bank deposits. As reported in the prior six years' audit reports, we noted that bank deposits were not being made on a daily basis in the operation of the Circuit Clerk's accounting system. Failure to have adequate controls in place could result in the loss or misappropriation of public funds.

Recommendation

The Circuit Clerk should implement controls to ensure that bank deposits are made on a daily basis.

Circuit Clerk's Response

We will do better.

5. Circuit Clerk should settle amount in excess of fee cap to the County.

Finding

Section 9-1-43(1), Miss. Code Ann. (1972), limits the compensation of Circuit Clerks to \$90,000 after making deduction for employee salaries and related salary expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code.

All fees received in excess of this amount, less any allowable expenses, are to be deposited by the clerk into the County's General Fund on or before April 15th for the preceding calendar year. The Clerk exceeded the salary cap by \$860 for the 2013 calendar year and failed to settle the funds to the County's General Fund by April 15, 2014. Failure to properly settle the amount in excess of the salary cap of \$90,000 could result in the loss of public funds.

Recommendation

The Circuit Clerk should immediately settle the \$860 over the salary cap to the County's General Fund and ensure that future excess fees are settled in a timely manner.

Circuit Clerk's Response

OK.

Auditor's Note

The Circuit Clerk reimbursed the County's General Fund in the amount of \$860 for excess fees on September 10, 2014 with receipt number 6723.

6. The Circuit Clerk should not receive jury commission compensation.

Finding

Section 13-5-6(2)(c), Miss. Code Ann. (1972), states that a jury commissioner shall not be an elected public official. During the testing of the Circuit Clerk's fee journal and annual financial report, it was noted that the Clerk was paid per diem in the amount of \$160.00 for services rendered as a jury commissioner. Due to the Circuit Clerk receiving \$160.00 in per diem for serving as a jury commissioner, the Circuit Clerk is not in compliance with Miss. Code Section 13-5-6(2)(c). However, no repayment is due for this matter because the clerk was already over the salary cap for 2013. The failure to comply with this statute could result in the loss or misuse of public funds.

Recommendation

The Circuit Clerk should not receive per diem for any services rendered as a jury commissioner.

Circuit Clerk's Response

OK.

7. The Deputy Circuit Clerk should be bonded for the correct amount.

Finding

Section 9-7-123(2), Miss. Code Ann. (1972), requires that all Deputy Circuit Clerks be bonded for three percent of the prior year's taxes with a minimum of \$50,000 and a maximum of \$100,000. As a result of audit procedures performed, it was determined that the Deputy Circuit Clerks were not bonded for fiscal year 2013. The failure to be bonded for the correct amount limits the amount of recovery if a loss of public funds occurs.

Recommendation

The Circuit Clerk should implement procedures to ensure all Deputy Circuit Clerks are bonded for the correct amount.

Circuit Clerk's Response

We will take care of this immediately.

Board of Supervisors.

8. Proceeds of the mandatory 1 mill tax levy should not be spent prior to receiving approval.

Finding

Section 27-39-329(2)(b), Miss. Code Ann. (1972), states that the avails of the mandatory 1 mill ad valorem tax levy shall not be expended unless and until the Department of Revenue has certified that the County has met specified requirements. The Department of Revenue's letter certifying the County's compliance with the applicable requirements and approving expenditure of the avails of the 1 mill levy collected for the 2012 fiscal year was received on November 14, 2012. Prior to that date, the County had expended \$61,449.22 from the Special Levy Reappraisal Fund. \$14,563.29 of this amount was the residual balance of prior year collections. The remaining \$46,885.93 was expended from 2012 roll year collections. Expenditure of the avails of the 1 mill tax levy prior to receiving approval from the Department of Revenue resulted in the direct violation of state statute.

Recommendation

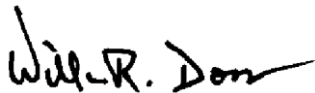
The Board of Supervisors should take steps to ensure that the avails of the mandatory 1 mill tax levy are not expended prior to receiving approval from the Department of Revenue.

Board of Supervisors' Response

The County will not spend monies from the Reappraisal fund until letter is received from the Department of Revenue.

Scott County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

October 10, 2014

SCOTT COUNTY

(This page left blank intentionally.)

SCOTT COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SCOTT COUNTY

(This page left blank intentionally.)

SCOTT COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|------------|
| 1. | Type of auditor's report issued on the financial statements: | Unmodified |
| 2. | Internal control over financial reporting: | |
| a. | Material weaknesses identified? | Yes |
| b. | Significant deficiencies identified? | Yes |
| 3. | Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | | |
|----|--|---------------|
| 4. | Internal control over major programs: | |
| a. | Material weaknesses identified? | Yes |
| b. | Significant deficiencies identified? | None Reported |
| 5. | Type of auditor's report issued on compliance for major federal programs: | |
| a. | CFDA #10.665, Schools and roads – grants to states | Adverse |
| b. | CFDA #14.228, Community development block grants/state's program | Unmodified |
| 6. | Any audit finding(s) disclosed that are required to be reported in accordance with Section ____510(a) of OMB Circular A-133? | Yes |
| 7. | Identification of major programs: | |
| a. | CFDA #10.665, Schools and roads –grants to states | |
| b. | CFDA #14.228, Community development block grants/state's program | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |

SCOTT COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2013

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2013-001. Scott County should establish a disaster recovery process.

Finding

As reported in the two prior years' audit reports, Scott County has not established a disaster recovery process. As a result, Scott County cannot fully ensure the County's information systems can be restored in a timely manner. Disaster recovery involves defining and documenting plans to help sustain and recover critical information technology resources, information systems, and associated business functions. *Control Objectives for Information and Related Technology* (CobiT, Section DS4), as well as recognized industry best practices, require a written disaster recovery plan be developed and tested regularly to provide orderly recovery of vital functions in the event of a hardware or environmental disaster. Failure to maintain an adequate recovery plan could impede the agency's ability to regain computer operations in the event of a disaster.

There are a number of steps that an organization can take to prevent or minimize the damage to automated operations that may occur from unexpected events. One example is routinely backing up data files and programs and securely storing them at an off-site location. Such actions maintain the organization's ability to restore data files, which may be impossible to re-create.

Recommendation

We recommend that Scott County implement a disaster recovery process and should be documented in the Scott County Disaster Recovery Plan. We further recommend Scott County develop and implement a disaster recovery plan documenting procedures to be followed during an emergency. Once the plan is completed, it should be subjected to proper testing, and employees should be made aware of their responsibilities in the event of a disaster.

Significant Deficiency

2013-002. Controls over tax levy legal descriptions and code section citations should be strengthened.

Finding

Section 27-39-305, Miss. Code Ann. (1972), authorizes the Board of Supervisors to impose a Countywide ad valorem tax levy or levies for the maintenance of roads and bridges. An effective system of internal control over the tax levy should ensure the legal descriptions of the tax levies are accurate in the board order levying the tax levy. The legal description in Section 3 of the board order setting the 2012 tax levy describes the levy for the road districts for the maintenance and construction of roads and bridges and cites Section 27-39-305, Miss. Code Ann. (1972). However, the only levies listed in Section 3 are the County-wide school district levy and the County-wide vocational technical special levy authorized by Code Sections 37-57-1 and 37-57-105, Miss. Code Ann. (1972). The use of incorrect legal descriptions and code sections could result in improper or unauthorized tax levies.

Recommendation

The Board of Supervisors should establish adequate control procedures to ensure the proper legal descriptions and code sections are used in the board order establishing the tax levy.

SCOTT COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2013

Significant Deficiency

- 2013-003. The County should ensure that the correct code section is cited to correspond with the intended tax levy.

Finding

Section 19-9-109, Miss. Code Ann. (1972), authorizes the Board of Supervisors to levy an annual ad valorem tax not to exceed one-fourth (1/4) of one mill for the purchase, operation and maintenance of fire trucks and other fire-fighting equipment in such supervisors districts as participate in the provisions of Section 19-5-97. The 2012 tax levy contains a 1.80 mill levy pursuant to Section 19-9-109. The incorrect Code Section was used in the board order setting the 2012 tax levy for the Volunteer Fire Department. The use of the wrong Code Section in the tax levy resulted in an unauthorized tax levy in excess of the rate allowed by the cited Code Section.

Recommendation

The Board of Supervisors should establish adequate control procedures to ensure the proper code sections are used in the board order establishing the tax levy and that all levies are in compliance with the applicable code section.

Material Weakness

- 2013-004. The County should establish controls to ensure the schedule of expenditures of federal awards is accurately prepared.

Finding

An effective system of internal control over federal grants should include adequate subsidiary records documenting all receipts and expenditures relating to each federal grant received and expended. The County did not report all federal grant expenditures and erroneously included amounts which were not federal monies expended in the current fiscal year on the schedule of expenditures of federal awards for the year ended September 30, 2013. The County also included an incorrect pass-through entity and incorrect program titles. As a result, several corrections were proposed by the auditor and made by the County to the schedule of expenditures of federal awards. The failure to accurately complete the schedule of expenditures of federal awards increases the possibility of reporting incorrect amounts of federal expenditures, as well as the possibility of omitting a federal grant on the schedule.

Recommendation

The County should maintain adequate subsidiary records documenting all receipts and expenditures relating to each federal grant received.

Significant Deficiency

- 2013-005. Scott County should remediate the vulnerabilities from the 2005 network review.

Finding

In 2005, Scott County had a network vulnerability review performed by a third party. As reported in the prior two years' audit reports, this review identified a number of issues ranging from critical to low which should be addressed on Scott County's servers and firewalls. Cobit DS5 states: "The need to maintain the integrity of information and protect IT assets requires a security management process. This process includes establishing and maintaining IT security roles and responsibilities, policies, standards, and procedures. Security management also includes performing security monitoring and periodic testing and implementing corrective actions for identified security weaknesses or incidents.

SCOTT COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2013

Effective security management protects all IT assets to minimize the business impact of security vulnerabilities and incidents.” Unless the vulnerabilities are formally reviewed and mitigated, risks exist that weaknesses could be exploited either from internal, or even remotely possible, from external sources. Mapping and evaluation of the findings of the vulnerability report can help serve as a benchmark for future reviews.

Recommendation

We recommend that Scott County formally evaluate the network review report and create a strategy to mitigate any high to medium risk vulnerabilities which are found to be valid. Scott County should remediate the vulnerabilities from the 2005 network review as soon as possible.

Tax Collector.

Material Weakness

2013-006. The Tax Collector should maintain a cash journal and reconcile it monthly.

Finding

An effective system of internal control over the collection, recording, and disbursement of cash in the Tax Collector’s office should include proper maintenance of a cash journal and reconciling the bank account to the cash journal monthly. As reported in the prior five years’ audit reports, we noted that the Tax Collector was not reconciling the bank account due to the lack of a reliable cash journal to reconcile with. Failure to reconcile the bank account could result in the inability to make timely settlements due to insufficient funds in the bank account and the loss or misuse of public funds.

Recommendation

The Tax Collector should properly maintain a cash journal, ensuring that it reconciles to the bank account monthly.

Material Weakness

2013-007. Controls over cash collections in the Tax Collector’s office should be strengthened.

Finding

An effective system of internal control over the collection, recording, and disbursement of cash in the Tax Collector’s office should include an adequate segregation of duties. The cash collections and disbursement functions in the Tax Collector’s office were not adequately segregated for effective internal controls. The bookkeeper reconciles cash collections and receipts, prepares daily check-up sheets, prepares daily bank deposits, posts to the cash journal, and writes checks for all disbursements, and is responsible for reconciling the bank statements. Failure to have an adequate segregation of duties could result in the loss of public funds.

Recommendation

The Tax Collector should take steps to ensure there is an adequate segregation of duties in the collection and disbursement functions of the office.

SCOTT COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2013

Section 3: Federal Award Findings and Questioned Costs

Board of Supervisors.

2013-008. The County should establish controls to ensure that an annual certification is submitted to the Secretary of Agriculture.

10.665 Schools and roads – Grants to states
Grant number: N/A; U.S. Department of Agriculture – Forest Service, Passed through the Mississippi Office of the State Treasurer

Material Weakness
Material Noncompliance

Compliance Requirement: Reporting

Finding

The Secure Rural Schools and Community Self-Determination Act of 2000 (the Act) requires a participating County that expends any funds received under Title III of the Act to submit to the Secretary of Agriculture an annual certification that the County funds expended in the applicable year have been for the uses authorized under Title III of the Act, including a description of the amounts expended and their uses. This certification is to be made by February 1 of the year after the year in which the Title III funds were expended. The participating County certification also must include the amount of Title III funds not obligated by September 30 of the previous year. The County did not submit an annual certification to the Secretary of Agriculture outlining the Title III funds that had been expended during the year, as well as a description of the amounts expended and their uses, and the amount of Title III funds not obligated by September 30. Failure to submit an annual certification to the Secretary of Agriculture could result in the funds being used for unauthorized purposes.

Recommendation

The Board of Supervisors should implement internal controls to ensure the County submits the required annual certification to the Secretary of Agriculture by February 1 of the year after the year in which any Title III funds were expended and include the amount of Title III funds not obligated by September 30 of the previous year.

2013-009. The County should establish controls to ensure subrecipients are sufficiently monitored.

10.665 Schools and Roads – Grants to States
Grant number: N/A; U.S. Department of Agriculture – Forest Service, Passed through the Mississippi Office of the State Treasurer

Material Weakness
Material Noncompliance

Compliance Requirement: Subrecipient Monitoring

Finding

The OMB Circular A-133 Compliance Supplement 2013 and the U.S. Code, Title 31, Section 7502(f)(2)(B) specify that each pass-through entity shall monitor the subrecipient's use of Federal awards through site visits, limited scope audits, or other means to provide reasonable assurance that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

SCOTT COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2013

During our audit test procedures, we noted that the only procedure in place to monitor a subrecipient's use of federal awards was an annual report submitted by the Extension Service upon completion of the project. Failure to sufficiently monitor the activities of the subrecipient resulted in noncompliance with the 45-day public comment period requirement.

Recommendation

The Board of Supervisors should implement internal controls to ensure the County sufficiently monitors the subrecipient's use of federal awards as required.

2013-010. The County should establish controls to ensure the public comment period requirement is met before using Title III funds.

10.665 Schools and Roads – Grants to States

Grant number: N/A; U.S. Department of Agriculture – Forest Service, passed through the Mississippi Office of the State Treasurer

Material Weakness

Material Noncompliance

Compliance Requirement: Special Tests and Provisions

Finding

The OMB Circular A-133 Compliance Supplement 2013 and the U.S. Code, Title 16, Section 7142(b) specify that a participating County can use Title III funds only after a 45-day public comment period, at the beginning of which the participating County shall (1) publish in any publications of local record a proposal that describes the proposed use of the County funds; and (2) submit the proposal to any resource advisory committee established for the participating County. Based on our audit testing procedures, the County only provided a 19-day public comment period before the Title III funds were expended. Failure to provide the required 45-day public comment period before any Title III funds were expended could result in the funds being used for unallowable purposes.

Recommendation

The Board of Supervisors should implement internal controls to ensure the County provides the required 45-day public comment period prior to using Title III funds.

SCOTT COUNTY

AUDITEE'S CORRECTIVE ACTION PLAN

SCOTT COUNTY

(This page left blank intentionally.)

SCOTT COUNTY
BOARD OF SUPERVISORS

Post Office Drawer 630

Phone: 601-469-1926

FAX: 601-469-5058

FOREST, MISSISSIPPI 39074

BOARD ATTORNEY:

ROY NOBLE LEE, JR.
P.O. BOX 370
FOREST, MS 39074
PHONE: 601-469-2721

COMPTROLLER:

KIM ERVIN
P.O. BOX 630
FOREST, MS 39074
PHONE: 601-469-1926

CORRECTIVE ACTION PLAN

July 1, 2014

Office of the State Auditor
501 N. West Street, Suite 801
Jackson, Mississippi 39201

Gentlemen:

Scott County respectfully submits the following corrective action plan for the year ended September 30, 2013.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section 1: Summary of Auditor's Results, does not include findings and is not addressed.

SECTION 2: FINANCIAL STATEMENT FINDINGS

2013-001. Corrective Action Planned:

The County is working with Premise, Inc. and has purchased a backup server to be located in the EOC Building across the street.

Anticipated Completion Date:

September 30, 2014

Name of Contact Person Responsible for Corrective Action:

Kim Fultz, Comptroller (601) 469-1926

2013-002. Corrective Action Planned:

The County will correct these codes to ensure that all levies are in compliance with applicable code sections.

Anticipated Completion Date:

September 30, 2014

Name of Contact Person Responsible for Corrective Action:

Kim Fultz, Comptroller (601) 469-1926

2013-003. Corrective Action Planned:

The County will correct these codes to ensure that all levies are in compliance with applicable code sections.

Anticipated Completion Date:

September 30, 2014

Name of Contact Person Responsible for Corrective Action:

Kim Fultz, Comptroller (601) 469-1926

2013-004.

Corrective Action Planned:

The County will maintain subsidiary records documenting receipt and expenditures to each federal grant received.

Anticipated Completion Date:

September 30, 2014

Name of Contact Person Responsible for Corrective Action:

Kim Fultz, Comptroller (601) 469-1926

2013-005.

Corrective Action Planned:

We are again going over the recommendations with Premise to address any vulnerabilities that Scott County may have in our computer system. Scott County will request that Premise does periodic testing of our system.

Anticipated Completion Date:

September 30, 2014

Name of Contact Person Responsible for Corrective Action:

Kim Fultz, Comptroller (601) 469-1926

2013-006.

Corrective Action Planned:

Unlike the past, the tax collector's office now has a cash journal spreadsheet that is used to ensure reconciled books. The office will take a closer look at the cash journal and make sure those numbers reconcile to the bank account on a monthly basis. The spreadsheet and the daily combined reports identify all shortages or overages on a daily and monthly report.

Anticipated Completion Date:

September 30, 2014

Name of Contact Person Responsible for Corrective Action:

Myra Murrell Davis, Tax Collector (601) 469-4051

2013-007. Corrective Action Planned:

Internal control changes will be made effective 06/24/2014 which will include adequate segregation of duties. Each clerk will sign off on their collection report and cash ticket. The office manager will verify cash ticket and collection report. The bookkeeper will reconcile cash, checks, and credit card totals to the work reports. Deposits will then be made.

Anticipated Completion Date:

June 30, 2014

Name of Contact Person Responsible for Corrective Action:

Myra Murrell Davis, Tax Collector (601) 469-4051

SECTION 3: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2013-008. Corrective Action Planned:

Scott County will submit the annual certification to the Secretary of Agriculture after any Title III money is expended

Anticipated Completion Date:

September 30, 2014

Name of Contact Person Responsible for Corrective Action:

Kim Fultz, Comptroller (601) 469-1926

2013-009. Corrective Action Planned:

The County will interact with MSU more concerning the use of Title III money.

Anticipated Completion Date:

September 30, 2014

Name of Contact Person Responsible for Corrective Action:

Kim Fultz, Comptroller (601) 469-1926

2013-010. Corrective Action Planned:

Scott County will monitor the required 45-day public comment period prior to using Title III funds.

Anticipated Completion Date:

September 30, 2014

Name of Contact Person Responsible for Corrective Action:

Kim Fultz, Comptroller (601) 469-1926